

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 SP-02 ICA-11 AID-05 EB-08
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7691
INFO AMEMBASSY ALGIERS
AMEMBASSY RABAT
AMEMBASSY TUNIS

C O N F I D E N T I A L BRUSSELS 13252

USEEC

E.O. 11652: GDS
TAGS: EAID, ETRD, EEC, MO
SUBJ: EC DEVELOPMENT COMMISSIONER CHEYSSON'S
JULY ONE VISIT TO RABAT

1. EC COMMISSIONER FOR DEVELOPMENT CLAUDE CHEYSSON
VISITED RABAT JULY 1 FOR TALKS WITH PRIME MINISTER OSMAN,
MINISTER OF FOREIGN AFFAIRS LARAKI AND OTHERS. WE ARE
TOLD BY A MEMBER OF CHEYSSON'S STAFF, WHO ACCOMPANIED
THE COMMISSIONER TO MOROCCO, THAT THE MAIN PURPOSE OF THE
VISIT WAS TO REVIEW PROGRESS TO DATE UNDER THE 1976 EC-
MOROCCO COOPERATION AGREEMENT. WHILE THE TWO SIDES HAD
A GENERAL EXCHANGE OF VIEWS ON THE IMPLEMENTATION OF THE
AGREEMENT, INCLUDING THE IDENTIFICATION OF PROJECTS TO BE
FUNDED UNDER THE AGREEMENT'S FINANCIAL PROTOCOL, THE
DOMINANT THEME OF THE TALKS REPORTEDLY WAS THE IMPLICA-
TION OF EC ENLARGEMENT FOR EC-MOROCCO TRADE RELATIONS.
BECAUSE OF THE HIGH AGRICULTURAL CONTENT OF EXISTING
EC-MOROCCAN TRADE, AND THE LIKELIHOOD OF MARKET REPLACE-
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MENT IN CITRUS AND OTHER PRODUCT CATEGORIES WHICH WOULD
RESULT FROM SPANISH, GREEK AND PORTUGUESE ACCESSION TO
THE COMMUNITY, REPRESENTATIVES OF THE GOM, WE ARE TOLD,
EXPRESSED CONCERN TO CHEYSSON ABOUT THE POSSIBLE EROSION
OF ITS TRADE PREFERENCES WITH THE COMMUNITY UNDER THE 1976
AGREEMENT.

2. CONCEDED COMMUNITY ENLARGEMENT'S POTENTIAL ECONOMIC DIFFICULTY FOR MOROCCO, CHEYSSON REPORTEDLY SUGGESTED THAT THE TWO SIDES "WORK TOGETHER" IN COMING MONTHS TO EXPLORE POSSIBLE SOLUTIONS. TO THIS END, THE EC COMMISSION WILL SHORTLY ESTABLISH AN INTERSERVICE WORKING GROUP TO IDENTIFY AND DEVELOP IDEAS FOR DISCUSSION WITH THE GOM (AND OTHER AFFECTED SOUTHERN MEDITERRANEAN STATES). THE DIRECTION THAT EC THINKING ON THIS ISSUE IS CURRENTLY TAKING, AS REPORTEDLY OUTLINED BY CHEYSSON DURING HIS VISIT TO RABAT, IS TO: (A) EXAMINE PRESENT CONTENT AND FUTURE EQUILIBRIUM OF AGRICULTURAL AND FOOD SUPPLY/DEMAND AROUND THE MEDITERRANEAN BASIN; (B) DEFINE POTENTIAL AGRICULTURAL COMPLEMENTARITIES BETWEEN AN ENLARGED EC AND SOUTHERN MEDITERRANEAN STATES; AND (C) BEGIN ANALYSIS OF WAYS TO RESTRUCTURE PRODUCTION ACCORDINGLY, BOTH IN EUROPE AND IN NORTH AFRICA. ACCORDING TO OUR COMMISSION SOURCE, CHEYSSON BELIEVES A NEW FOREIGN AGRICULTURAL POLICY OF THIS TYPE WOULD ALSO LIKELY ENTAIL A "REDIRECTION" OF AGRICULTURAL TRADE PATTERNS BASED ON LONG-TERM SUPPLY CONTRACTS IN EXCHANGE FOR EC DEVELOPMENT PROJECT AID.

3. COMMENT: AS THE RECENT EC COMMISSION ENLARGEMENT "FRESCO" (BRUSSELS 8285) REVEALS, AND COMMISSION OFFICIALS CANDIDLY ADMIT, THE EC HAS NOT YET DONE ITS DETAILED "HOMEWORK" ON THE IMPLICATIONS OF COMMUNITY ENLARGEMENT
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FOR THE MEDITERRANEAN COUNTRIES WITH WHICH THE EC NOW HAS PREFERENTIAL TRADING ARRANGEMENTS. WHILE AT PRESENT COMMISSION OFFICIALS ARE, BY THEIR OWN ACCOUNT, ESSENTIALLY "GRASPING FOR STRAWS," THEY CLEARLY ARE SENSITIVE TO THE NEED TO REDRESS THE PROSPECTIVE IMBALANCE WITH THE COMMUNITY'S SOUTHERN MEDITERRANEAN TRADING PARTNERS, BEFORE AGRICULTURAL ASPECTS OF COMMUNITY ENLARGEMENT ARE COMPLETELY SETTLED AND POLITICAL POSITIONS OF THE TWELVE BECOME "FROZEN". THESE OFFICIALS ALSO NOTE THAT ANY ADJUSTMENTS IN MEDITERRANEAN AGRICULTURAL TRADE WOULD HAVE SIGNIFICANT IMPACT ON OTHER PRODUCERS, INCLUDING THE U.S., AND IN RESPONSE TO MISSION OFFICER'S REQUEST, HAVE AGREED TO KEEP IN TOUCH WITH THE MISSION REGULARLY AS PLANNING IN THIS FIELD EVOLVES. HINTON

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